

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF TAYLOR COUNTY RURAL)
ELECTRIC COOPERATIVE CORPORATION) CASE NO. 9536
FOR AN ADJUSTMENT OF RATES)

O R D E R

IT IS ORDERED that Taylor County Rural Electric Cooperative Corporation ("Taylor County") shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record, by May 9, 1986, or within 2 weeks after the filing of the application, whichever is later. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Taylor County shall furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each area of information requested. Careful attention should be given to copied material to insure that it is legible. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

Information Request No. 1

1. The detailed workpapers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate

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adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment including the reason why each adjustment is required. Explain in detail all components used in each calculation including the methodology employed and all assumptions applied in the derivation of each adjustment. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

2. An analysis of Account 930--Miscellaneous General Expenses for the test period. This should include a complete breakdown of this account as shown in attached Format 1, and also provide all detailed workpapers supporting this analysis. At minimum, the workpapers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and a brief description of each expenditure. Detailed analysis is not required for amounts of less than \$100 provided the items are grouped by classes as shown in Format 1 attached.

3. A detailed analysis of contributions for charitable and political purposes (in cash or services). This analysis should indicate the amount of the expenditure, the recipient of the contribution, and the specific account charged.

4. A copy of the auditor's report from your most recent audit.

5. A detailed analysis of advertising expenditures during the test period. This analysis should include a breakdown of Account 913--Advertising Expenses, as shown in Format 2, attached, and should also show any advertising expenditures included in

other expense accounts. This analysis should be specific as to the purpose and expected benefit of each expenditure.

6. A copy of the most recent publication of the Borrower Statistical Profile for the utility published by the Rural Electrification Administration. Include a detailed narrative explanation of any action taken by the utility's management, its Board of Directors or REA based on the results of this data.

7. A schedule of salaries and wages for the test year and each of the 5 calendar years preceding the test year as shown in Format 3, attached. For each time period provide the amount of overtime pay.

8. A copy of the current by-laws.

9. Provide the utility's rate of return on net investment rate base for the test year and 5 preceding calendar years. Include data used to calculate each return.

10. In comparative form, an income statement, a statement of changes in financial position, and a balance sheet for the test year and the 12-month period immediately preceding the test year.

11. A detailed analysis of expenses incurred during the test year for professional services as shown in attached Format 4, and all detailed workpapers supporting the analysis. At minimum the workpapers should show the payee, dollar amount, reference (i.e., voucher no., etc.) account charged, hourly rates and time charged to the utility according to each invoice, and a brief description of the service provided. Identify all rate case work by case number.

12. Provide the utility's times interest earned ratio and debt service coverage ratio, as calculated by the Rural Electrification Administration, for the test year and the 5 preceding calendar years. Include the data used to calculate each ratio.

13. Schedules in comparative form showing for the test year and the year preceding the test year the ending balance in each electric plant and reserve account or sub-account included in the utility's chart of accounts.

14. A copy of Kentucky's Electric Cooperatives Operating Expense and Statistical Comparisons for the most recent 2 years available.

15. The date and time of the most recent annual members' meeting. Provide the number of members in attendance, the number of members voting for new board members, the number of new board members elected, and general description of the meeting's activities.

16. Provide a schedule showing a comparison of balances in each operating expense account for each month of the test year to the same month of the preceding year for each account or sub-account included in the utility's chart of accounts. See Format 5.

17. The estimated dates for draw downs of unadvanced loan funds at test-year end and the proposed uses of these funds.

18. Provide the following where not previously included in the record:

a. A schedule of the present and proposed rates, charges, terms and conditions, and service rates and regulations which the utility seeks to change, shown in comparative form.

b. A detailed analysis of customers' bills, adjusted to actual usage and in such detail that the revenues from the present and proposed rates can be readily determined.

c. A schedule of test year revenues for each rate schedule per book rates, present rates annualized, and proposed rates annualized.

d. A schedule setting forth the effect upon average consumer bills.

e. A statement setting forth estimates of the effect that the new rate or rates will have upon the revenues of the utility, the total amount of money resulting from the increase or decrease and the percentage increase or decrease.

f. A schedule showing by customer class (i.e., residential, commercial, industrial, etc.) the amount and percent of any proposed increase or decrease in revenue distributed to each class. This schedule is to be accompanied by a statement which explains in detail the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.

g. A schedule showing how the increase or decrease in (f) above was further distributed to each rate charge (i.e., customer or facility charge, KWH charge, Mcf charge, etc.). This

schedule is to be accompanied by a statement which explains, in detail, the methodology or basis used to allocate the increase or decrease.

h. A statement showing by cross-outs and italicized inserts all proposed changes in rates, charges, terms and conditions, and service rules and regulations for each rate or charge. Copy of current tariff may be used.

19. Provide the name and address of each member of the utility's Board of Directors along with his or her personal mailing address. If, during the course of these proceedings, any changes occur in board membership, provide an update to this request.

20. Provide a detailed analysis of the total compensation paid to each member of the board of directors during the test period including all fees, fringe benefits, and expenses with a description of the type of meetings, seminars, etc., attended by each member.

21. Provide a detailed analysis of all benefits provided to the utility's employees including the itemized cost of each benefit and the average annual cost of benefits per employee. If readily available, provide this data by employee classification as shown in Format 3.

22. Provide an itemized listing of the costs incurred to date for the preparation of this case and an itemized estimate of the total cost to be incurred for this case. Indicate any costs incurred for this case that occurred during the test year.

23. Does Taylor County follow the depreciation rates and procedures as described in REA Bulletin 183-1?

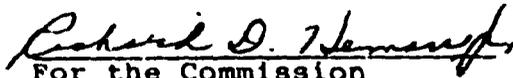
24. Provide information for plotting the depreciation guideline curves in accordance with REA Bulletin 183-1. Furnish the data in the format shown on the attached data sheet No. 1.

25. Does Taylor County propose any changes in depreciation rates?

26. Furnish a list of depreciation expenses in the format shown on the attached data sheet No. 2.

Done at Frankfort, Kentucky, this 9th day of April, 1986.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Case No. 9536

ACCOUNT 930 - MISCELLANEOUS EXPENSES

For the 12 Months Ended

| <u>Line No.</u> | <u>Item (a)</u> | <u>Amount (b)</u> |
|---------------------|---------------------------------------|-----------------------|
| 1. | Industry Association Dues | |
| 2. | Institutional Advertising | |
| 3. | Conservation Advertising | |
| 4. | Rate Department Load Studies | |
| 5. | Water, and Other Testing and Research | |
| 6. | Directors' Fees and Expenses | |
| 7. | Dues and Subscriptions | |
| 8. | Miscellaneous | |
| 9. | Total | |

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Case No. 9536

ACCOUNT 913 - ADVERTISING EXPENSE

For the 12 Months Ended

(Total Company)

| <u>Line No</u> | <u>Item</u> | <u>Sales or Promotional Advertising</u> | <u>Institutional Advertising</u> | <u>Conservation Advertising</u> | <u>Rate Case</u> | <u>Other</u> | <u>Total</u> |
|--------------------|----------------------------------|---|--------------------------------------|-------------------------------------|----------------------|--------------|--------------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| 1. | Newspaper | | | | | | |
| 2. | Magazines and Other | | | | | | |
| 3. | Television | | | | | | |
| 4. | Radio | | | | | | |
| 5. | Direct Mail | | | | | | |
| 6. | Sales Aids | | | | | | |
| 7. | Total | | | | | | |
| 8. | Amount Assigned to Ky. Retail | | | | | | |

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
Case No. 9536

ANALYSIS OF SALARIES AND WAGES

For the Calendar Years 19 Through 19
And the 12-Month Period Ending

(000's)

| Line No. | Item (a) | 12 Months Ended | | | | | | Test Year (m) | | | | |
|----------|--|-----------------|------------|------------|------------|------------|------------|---------------|------------|------------|------------|------------|
| | | 5th | 4th | 3rd | 2nd | 1st | Year | | | | | |
| | Amount (b) | Amount (c) | Amount (d) | Amount (e) | Amount (f) | Amount (g) | Amount (h) | Amount (i) | Amount (j) | Amount (k) | Amount (l) | Amount (m) |
| 1. | Wages charged to expense: | | | | | | | | | | | |
| 2. | Power production expense | | | | | | | | | | | |
| 3. | Transmission expenses | | | | | | | | | | | |
| 4. | Distribution expenses | | | | | | | | | | | |
| 5. | Customer accounts expense | | | | | | | | | | | |
| 6. | Sales expenses | | | | | | | | | | | |
| 7. | Administrative and general expenses: | | | | | | | | | | | |
| | (a) Administrative and general salaries | | | | | | | | | | | |
| | (b) Office supplies and expense | | | | | | | | | | | |
| | (c) Administrative expense transferred-cr. | | | | | | | | | | | |
| | (d) Outside services employed | | | | | | | | | | | |
| | (e) Property insurance | | | | | | | | | | | |
| | (f) Injuries and damages | | | | | | | | | | | |

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
Case No. 9536

ANALYSIS OF SALARIES AND WAGES

For the Calendar Years 19 Through 19
And the 12-Month Period Ending

(000's)

| Line No. | Item (a) | 12 Months Ended | | | | | Test Year (m) | | | | | | |
|----------|----------|-----------------------------------|------------|------------|------------|------------|---------------|------------|------------|------------|------------|------------|------------|
| | | 5th | 4th | 3rd | 2nd | 1st | | | | | | | |
| | | Calendar years Prior to Test Year | | | | | Test Year | | | | | | |
| | | Amount (b) | Amount (c) | Amount (d) | Amount (e) | Amount (f) | Amount (g) | Amount (h) | Amount (i) | Amount (j) | Amount (k) | Amount (l) | Amount (m) |

- 7. Administrative and general expenses (continued):
 - (g) Employees pensions and benefits
 - (h) Franchise requirements
 - (i) Regulatory commission expenses
 - (j) Duplicate charges-cr.
 - (k) Miscellaneous general expense
 - (1) Maintenance of general plant
- 8. Total administrative and general expenses L7(a) through L7(1)
- 9. Total salaries and wages charged expense (L2 through L6 + L8)
- 10. Wages capitalized
- 11. Total Salaries and wages

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
Case No. 9536

ANALYSIS OF SALARIES AND WAGES

For the Calendar Years 19 Through 19
And the 12-Month Period Ending

(000's)

| Line No. | Item (a) | 12 Months Ended | | | | | Test Year (l) |
|----------|----------|-----------------------------------|------------|------------|------------|------------|---------------|
| | | 5th | 4th | 3rd | 2nd | 1st | |
| | | Calendar years Prior to Test Year | | | | | Test Year |
| | | Amount (b) | Amount (d) | Amount (f) | Amount (h) | Amount (j) | Amount (m) |
| | | % (c) | % (e) | % (g) | % (i) | % (k) | % |

12. Ratio of salaries and wages charged expense to total wages (L9 ÷ L11)

13. Ratio of salaries and wages capitalized to total wages (L10 ÷ L11)

NOTE: Show percent increase of each year over the prior year in Columns (c), (e), (g), (i), (k), and (m).

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Case No. 9536

Professional Service Expenses

For the 12 Months Ended

| <u>Line</u> <u>No.</u> | <u>Item</u> | <u>Rate Case</u> | <u>Annual Audit</u> | <u>Other</u> | <u>Total</u> |
|---------------------------|-------------|------------------|---------------------|--------------|--------------|
| 1. | Legal | | | | |
| 2. | Engineering | | | | |
| 3. | Accounting | | | | |
| 4. | Other | | | | |
| 5. | Total | | | | |

Utility: TAYLOR COUNTY RE
 Case Number: 9536
 Date:

DATA FOR
 DEPRECIATION GUIDELINE CURVE
 REA BULLETIN 183-1

| Year Ended December 31, 1985 | Distribution Plant In Service (1) | Accumulated Provision for Depreciation Distribution Plant (2) | Reserve Ratio $(3) = (2) \div$ | Ratio of Current Distribution Plant to Distribution Plant Ten Years Prior |
|---------------------------------|--|---|--------------------------------------|---|
| 1985 | | | | 1985 |
| 1984 | | | | 1984 |
| 1983 | | | | 1983 |
| 1982 | | | | 1982 |
| 1981 | | | | 1981 |
| 1975 | | | | |
| 1974 | | | | |
| 1973 | | | | |
| 1972 | | | | |
| 1971 | | | | |

Utility: TAYLOR COUNTY RECC
 Case Number: 9536
 Date:

| <u>Account No.</u> | <u>Item</u> | (End of Test Year) <u>Plant Account Balance</u> | <u>Depreciation Rate</u> | <u>Annual Depreciation</u> |
|--------------------|-------------|--|--------------------------|----------------------------|
|--------------------|-------------|--|--------------------------|----------------------------|

| | | | | |
|--------|------------------------|--|--|--|
| 350000 | Land & Land Rights | | | |
| 355000 | Poles & Fixtures | | | |
| 356000 | O/H Conduct. & Devices | | | |

TRANSMISSION PLANT

| | | | | |
|--------|-----------------------------|--|--|--|
| 360000 | Land & Land Rights | | | |
| 362000 | Station Equipment | | | |
| 364000 | Poles, Towers, Fixtures | | | |
| 365000 | O/H Conduct. & Devices | | | |
| 366000 | Underground Conduit | | | |
| 367000 | U/G Conduct. & Devices | | | |
| 368000 | Line Transformers | | | |
| 369000 | Services | | | |
| 370000 | Meters | | | |
| 371000 | Install. on Cust. Premises | | | |
| 372000 | Leased Prop. on Cust. Prem. | | | |
| 373000 | St. Light & Sign Systems | | | |

DISTRIBUTION PLANT

GENERAL PLANT

| | | | | |
|---------|----------------------------|--|--|--|
| 3890000 | Land & Land Rights | | | |
| 3900000 | Structures & Improvements | | | |
| 3910000 | Office Furn. & Equipment | | | |
| 3911000 | IBM 5251 Display Stations | | | |
| 3920000 | Transportation Equip. | | | |
| 3930000 | Stores Equipment | | | |
| 3940000 | Tools, Shop, Garage Equip. | | | |
| 3950000 | Laboratory Equipment | | | |
| 3960000 | Power Operated Equipment | | | |
| 3970000 | Communications Equipment | | | |
| 3980000 | Miscellaneous Equipment | | | |